

HOUSE BILL 66

C8

01r0033

(PRE-FILED)

By: **Chair, Environmental Matters Committee (By Request – Departmental – Housing and Community Development)**

Requested: September 24, 2009

Introduced and read first time: January 13, 2010

Assigned to: Environmental Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 2, 2010

CHAPTER _____

1 AN ACT concerning

2 **Department of Housing and Community Development – Neighborhood**
3 **Business Development Program – Microenterprise Loans**

4 FOR the purpose of authorizing certain entities to administer a ~~Microenterprise Loan~~
5 ~~Program~~ microenterprise loan program under ~~certain~~ standards adopted by the
6 Department of Housing and Community Development under certain
7 circumstances; ~~authorizing~~ requiring the Department to establish certain
8 standards by regulation; exempting microenterprise projects from certain
9 ~~financial funding~~ financing requirements; altering the purposes for which
10 financial assistance may be used under a certain business development
11 program; authorizing the Department to help train certain employees;
12 authorizing the Department to charge and collect certain fees in a certain
13 manner; ~~authorizing~~ the Department to directly fund a loan to a
14 microenterprise under certain circumstances; authorizing the Department to
15 provide financial assistance to a certain entity for the purpose of the entity
16 making a loan to a microenterprise under certain circumstances; altering
17 certain definitions; and generally relating to microenterprise loans and the
18 Neighborhood Business Development Program ~~and the Microenterprise Loan~~
19 ~~Program~~ in the Department of Housing and Community Development.

20 BY repealing and reenacting, without amendments,
21 Article – Housing and Community Development
22 Section 6–301(a) ~~and (e)~~

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Annotated Code of Maryland
2 (2006 Volume and 2009 Supplement)

3 BY repealing and reenacting, with amendments,
4 Article – Housing and Community Development
5 Section 6–301(e) and (g), 6–306, and 6–307(b)
6 Annotated Code of Maryland
7 (2006 Volume and 2009 Supplement)

8 BY adding to
9 Article – Housing and Community Development
10 Section 6–308.1
11 Annotated Code of Maryland
12 (2006 Volume and 2009 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
14 MARYLAND, That the Laws of Maryland read as follows:

15 **Article – Housing and Community Development**

16 6–301.

17 (a) In this subtitle the following words have the meanings indicated.

18 (e) “Microenterprise” means a business with not more than five employees
19 that:

20 (1) requires not more than \$35,000 in total start–up capital OR
21 FINANCIAL ASSISTANCE; and

22 (2) does not have access to the traditional commercial banking sector.

23 (g) **(1)** “Project” means a neighborhood business development project that
24 receives financial assistance from the Fund.

25 **(2)** “PROJECT” INCLUDES A MICROENTERPRISE PROJECT THAT
26 RECEIVES FINANCIAL ASSISTANCE FROM THE FUND.

27 6–306.

28 (a) (1) A small business, nonprofit organization, or microenterprise may
29 apply for financial assistance under the Business Development Program.

30 (2) The Department shall review each application.

31 (b) An applicant may qualify for financial assistance for a project in a
32 designated neighborhood if the application demonstrates that:

1 (1) **EXCEPT FOR A MICROENTERPRISE PROJECT**, the project has
2 significant commitments for financing from other private and nonstate public sources
3 that are sufficient to complete the project with the money from the Fund;

4 (2) the financial assistance from the Fund is the minimum amount
5 necessary to make the project financially feasible;

6 (3) the project is ready to proceed when it receives financial assistance
7 from the Business Development Program; and

8 (4) the political subdivision has adopted a resolution, or its authorized
9 designee has delivered a letter to the Business Development Program, that expresses
10 support for the project.

11 (c) Financial assistance under the Business Development Program may be
12 provided to a small business, nonprofit organization, or microenterprise as:

13 (1) a grant;

14 (2) a loan;

15 (3) a reduction in the principal obligation of or interest rate on a loan
16 or portion of a loan;

17 (4) a prepayment of interest on a subordinate or superior loan or
18 portion of a loan;

19 (5) an assurance;

20 (6) a guarantee; or

21 (7) any other form of credit enhancement.

22 6-307.

23 (b) Financial assistance under the Business Development Program may be
24 used for:

25 (1) a part of the [project] development costs OF A PROJECT; OR

26 (2) THE DEVELOPMENT COSTS, WORKING CAPITAL, OR BUSINESS
27 EXPENSES OF A MICROENTERPRISE PROJECT.

28 **6-308.1.**

1 (A) IF THE DEPARTMENT DETERMINES THAT AN ENTITY IS CAPABLE OF
 2 ADMINISTERING A ~~MICROENTERPRISE LOAN PROGRAM~~ MICROENTERPRISE
 3 LOAN PROGRAM, THE ENTITY MAY ORIGINATE AND ADMINISTER LOANS TO
 4 MICROENTERPRISES IN ACCORDANCE WITH STANDARDS THE DEPARTMENT
 5 ADOPTS BY REGULATION.

6 (B) (1) ~~BY REGULATION, THE~~ THE DEPARTMENT SHALL ADOPT
 7 REGULATIONS TO ESTABLISH STANDARDS FOR DETERMINING THE ELIGIBILITY
 8 OF AN ENTITY TO ADMINISTER A ~~MICROENTERPRISE LOAN PROGRAM~~
 9 MICROENTERPRISE LOAN PROGRAM.

10 (2) THE STANDARDS SHALL INCLUDE PROVISIONS ON:

11 (I) THE SIZE, TRAINING, AND EXPERIENCE OF THE
 12 PROFESSIONAL STAFF THAT WOULD ADMINISTER THE ~~PROGRAM~~ PROGRAM;
 13 AND

14 (II) THE CAPABILITY OF THE PROFESSIONAL STAFF TO:

- 15 1. DETERMINE FINANCIAL CAPACITY OF A
 16 BORROWER;
- 17 2. ORIGINATE A LOAN; AND
- 18 3. EVALUATE APPLICATIONS FOR ~~PROGRAM~~
 19 PROGRAM LOANS.

20 (C) THE DEPARTMENT MAY:

21 (1) HELP TRAIN EMPLOYEES OF AN APPROVED ENTITY TO
 22 ADMINISTER A ~~MICROENTERPRISE LOAN PROGRAM~~ MICROENTERPRISE LOAN
 23 PROGRAM IN ACCORDANCE WITH STANDARDS THAT THE DEPARTMENT ADOPTS;
 24 ~~AND~~

25 (2) CHARGE AND COLLECT FROM ~~THE~~ A BORROWER:

26 (I) REASONABLE ORIGINATION, APPLICATION, AND
 27 PROCESSING FEES; AND

28 (II) OTHER CHARGES, FEES, OR REIMBURSEMENTS
 29 INCIDENTAL TO MICROENTERPRISE LOANS;

30 (3) INCLUDE THE FEES AND CHARGES LISTED IN ITEM (2) OF THIS
 31 SUBSECTION IN THE LOAN AMOUNT; ~~AND~~

1 (4) PAY ~~THE AN~~ APPROVED ENTITY A REASONABLE ORIGINATION,
2 APPLICATION, AND PROCESSING FEE FOR EACH LOAN ~~IT ORIGINATES~~ TO A
3 MICROENTERPRISE THAT IS ORIGINATED BY THE APPROVED ENTITY;

4 (5) DIRECTLY FUND A LOAN TO A MICROENTERPRISE THAT IS
5 ORIGINATED BY AN APPROVED ENTITY; AND

6 (6) PROVIDE FINANCIAL ASSISTANCE TO AN APPROVED ENTITY
7 FOR THE PURPOSE OF THE APPROVED ENTITY MAKING A LOAN TO A
8 MICROENTERPRISE IN ACCORDANCE WITH THIS SUBTITLE.

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
10 October 1, 2010.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.